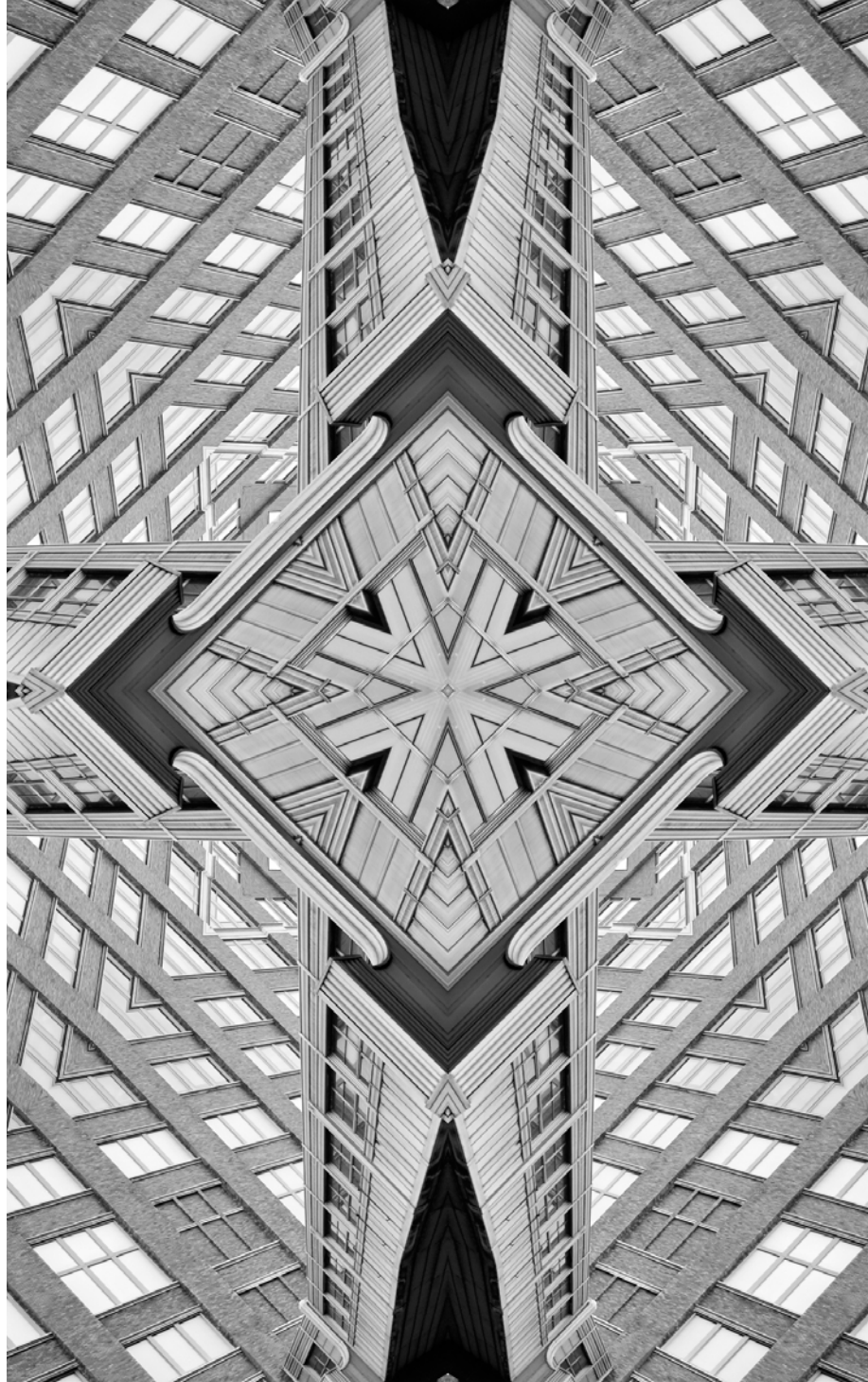


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COVID-19 and the Changing Geopolitical Order: Challenges to BIMSTEC

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Abstract

This brief explores the post-COVID-19 geopolitical order and the challenges facing BIMSTEC in meeting the most pressing needs of its member countries. It argues that strengthening regional organisations such as BIMSTEC will add weight to the counterbalancing of China that is underway. The brief calls on BIMSTEC to shift its priority to sectors like Connectivity, Counterterrorism and Transnational Crimes, as well as upgrading Human Resource, for both short-term and long-term economic recovery, considering that BIMSTEC countries continue to rank low in the Human Development Index (HDI).

The COVID-19 pandemic will no doubt have far-reaching, multifaceted impacts on the geopolitical and geoeconomic landscape across the globe. As the pandemic recedes with time and is brought under control by effective vaccination programmes, the world must concentrate on economic reconstruction. Most countries are likely to turn inwards to revive national economies and concentrate on healthcare to keep the pandemic at bay. The first step is to address the issues of inadequate healthcare support and the public fear of the pandemic, since national economies are dependent on the quality of human capital. The post-COVID-19 era is also likely to witness a churning of the international order, as China's expansionist role and hegemonic aspirations lead to strategic realignments in various geographies.

Making COVID-19 vaccine widely affordable will be a humanitarian imperative requiring international cooperation. India, with the capacity to produce the bulk of the world's supply of vaccines, will be at the forefront of this effort. It has already increased the supply of medicines and equipment to several countries and set up a SAARC fund to fight the pandemic.¹ Prime Minister Narendra Modi has announced that India has already provided medical assistance to around 150 countries. Thus, India is gearing up for international cooperation to meet the humanitarian challenge of producing and supplying vaccines to the rest of the world.

“As countries look inward to revive their economies, it could lead to dwindling of trust in regional organisations.”

For the economic revival of nations, the imperatives are food security, healthcare, re-skilling of the workforce, and generating employment. This will require cooperation at the national, regional and international levels. In the current international situation, however, it is uncertain whether the global powers will cooperate in the fight against the pandemic. With nations looking inwards and relying more on national resources instead of global cooperation, PM Modi announced his government's mission, “Atmanirbhar Bharat,” along the same lines as “Make in India.” The policy can be interpreted to have various elements: self-reliance, local manufacturing, and reducing imports.² At the same time, however, it runs the risk of being viewed as reflective of India's lack of trust in regional cooperation; this can have a dampening effect on regional organisations like BIMSTEC. To combat this notion, India has declared that it is not retreating into protectionism or autarky and will actively seek foreign investments and linkages with global value chains, which have become the backbone of global manufacturing.

Trans-border Connectivity and World Economy

The COVID-19 pandemic has struck at the core of globalisation, paralysing connectivity and causing massive disruption in the international order that is unprecedented since the Second World War. By disrupting connectivity and cooperation amongst nations, the pandemic has severely affected the world economy, especially the industries that depend critically on connectivity, including aviation, tourism, trade and investment. To be sure, the growth of digital innovation has offset this disruption to some extent, contributing to the development of new platforms to fill the gap in connectivity. The mushrooming of digital applications to facilitate virtual meetings and conferences have ensured people-to-people connectivity, even at a time of social distancing. As a subset of global connectivity, the role played by national and regional connectivity has been crucial, promoted and nurtured by both nations and regional organisations. However, the mobility of people and their human capital remains a fundamental factor in connectivity and technological innovation.

To be sure, the lockdowns to combat COVID-19 had at least slowed down the spread of the virus; but it also devastated economies. Most countries are attempting to gradually dilute the lockdown and initiate green shoots of economic recovery, despite the pandemic continuing to claim casualties across the world. Yet global economic recovery prospects are grim.³ For the first time in 18 years, India recorded a trade surplus in June 2020, which is symptomatic of a contracting economy and declining demand. While discussing how reopening from lockdown can lead to uncertain recovery of the economy, the Chief Economist of the IMF said, “Over 75 percent of countries are now reopening at the same time as the pandemic is intensifying in many emerging market and developing economies. Several countries have started to recover. However, in the absence of a medical solution, the strength of the recovery is highly uncertain and the impact on sectors and countries uneven.”⁴

Moreover, there is apparent widespread dismay with global institutions, such as the World Health Organization (WHO) and its parent organisation, the United Nations (UN), which should have been at the forefront of fighting the pandemic and stabilising the international order. Instead, WHO has been effectively hijacked by the geopolitical influence of China, which is attempting to expand its hegemony to international organisations. In response, the United States, the largest single financial contributor to WHO, has notified its intention to withdraw from the body. This will not only cripple the organisation but also leave the field open for further manipulation by China. It is already clear that the post-COVID-19 international order will not be the same as before. Multilateral organisations such as the UN have been found severely wanting and the trust deficit amongst nations has plummeted to an all-time low in the last 75 years.⁵

Human Capital and BIMSTEC

The nature of human capital will change in the post-COVID-19 world; this will be true for the BIMSTEC region. In its Human Capital Project (HCP), the World Bank defines the Human Capital Index (HCI) as a new definition of human capital: “[It] quantifies the contribution of health and education to the productivity of the next generation of workers. Countries can use it to assess how much income they are foregoing because of HC gaps, and how much faster they can turn these losses into gains if they act now...By improving their skills, health, knowledge, and resilience—their human capital—people can be more productive, flexible, and innovative. Human capital is a central driver of sustainable growth and poverty reduction. Investments in human capital have become more important as the nature of work has evolved. Yet despite substantial progress, significant gaps in human capital investments are leaving the world poorly prepared for what lies ahead.”⁶

Among the BIMSTEC countries, human capital development has been lagging, with India ranking last. Thailand and Sri Lanka occupy the top two positions (See Table 1).

Table 1:
HCI in BIMSTEC Countries

Global Rank	Country	Index
65	Thailand	0.60
74	Sri Lanka	0.58
102	Nepal	0,49
106	Bangladesh	0.48
107	Myanmar	0.47
115	India	0.44

Note: No data for Bhutan.

In this context, it is worth noting the “Socio-Economic Response to COVID” proposed by the UN Economic and Social Commission for Asia and the Pacific (UNESCAP). The framework emphasises on three streams of work:

1. Protecting and investing in people and enhancing the resilience of societies and communities, especially women and vulnerable groups of the population, by strengthening social protection; improving access to health systems and basic services; and enhancing resilience, including emergency preparedness
2. Supporting sustainable and inclusive economic recovery through fiscal and monetary stimuli in line with the 2030 Agenda for Sustainable Development and the Paris Agreement
3. Restoring and building resilience in supply chains through regional and subregional coordination on trade, investment, transport and digital connectivity; and supporting small and medium enterprises (SMEs).⁷

Further, UNESCAP has highlighted that the first track amongst several responses to COVID-19 must be the protection and building of human capital, particularly for vulnerable groups. BIMSTEC must therefore start planning programmes for human capital development in the sectors selected for cooperation. As a sector-driven cooperation organisation, BIMSTEC has identified 14 sectors as its priority domains. Each sector is led by a member country, responsible for taking initiatives related to that sector. The sectors, included in various stages, are as follows:

1. Trade and Investment: Bangladesh
2. Transport and Communication: India
3. Energy: Myanmar
4. Tourism: India
5. Technology: Sri Lanka
6. Fisheries: Thailand
7. Agriculture: Myanmar
8. Public Health: Thailand
9. Poverty Alleviation: Nepal
10. Counterterrorism and Transnational Crime: India
11. Environment and Disaster Management: India
12. People-to-People Contact: Thailand
13. Cultural Cooperation: Bhutan
14. Climate Change: Bangladesh⁸

The Changing Geopolitical Milieu

BIMSTEC must recognise that the geopolitical situation has been affected adversely by China's actions in its geographical periphery, in the South China Sea, Hong Kong, Taiwan and India. China's intrusive geopolitical and geoeconomic role in Nepal, and deepening economic and military engagement with other South Asian countries that are members of BIMSTEC, are likely to have an adverse impact on the organisation.

China has already played a significant role in undermining consensus in the ASEAN, Asia's leading regional organisation. With its Belt and Road Initiative (BRI), it has now made substantial penetration into all BIMSTEC countries except India. The pandemic-driven economic downturn will create more opportunities for China to distribute largesse, as nations seek funding for economic revival. The New Development Bank (NDB) and the Asian Infrastructure Investment Bank (AIIB) will become vehicles for funding, since China has substantial influence in these multilateral lending agencies. China has recently offered Bangladesh tariff- and quota-free entry of goods, after decades of running a trade surplus. In return, it has sought sister-city linkages between several cities in Bangladesh and China. This will help China penetrate further into the hinterlands of Bangladesh, creating a strategic challenge for India. China's predatory mercantilism has already undercut and subverted the MSME sectors across several Asian countries.

“BIMSTEC must consider the challenge posed by China and counterbalance its role in undermining regional cooperation.”

In the context of the changing global order and the disruption caused by COVID-19, China will seek to undermine regional organisations, as it attempts to expand its hegemonic envelope and build a China-centric Asian order. Several nations and organisations have now started to push back. The World Health Assembly has voted unanimously to investigate the origin of the COVID-19 virus and China's role in the pandemic, much to China's chagrin. The recent Russia–India–China virtual meeting of foreign ministers ended without the customary joint statement. The Shanghai Cooperation Organisation (SCO) and BRICS are likely to be the next casualties, since Brazil, India and Russia have been amongst the countries worst hit by COVID-19.⁹ BIMSTEC must consider the challenge posed by China and take steps to counterbalance its role in undermining regional cooperation through bilateral incentives to member countries such as Bangladesh, Myanmar, Nepal, Sri Lanka and Thailand.

In light of the pandemic and the issues associated with it, BIMSTEC must review whether or not to continue cooperation in all 14 sectors. For now, the organisation could focus on sectors that contribute directly to economic revival in member countries. During the 16th meeting of BIMSTEC Ministers in August 2018, the foreign ministers of Bangladesh and Thailand had underlined the importance of prioritising some sectors, since progress across them has been uneven.

Thailand's Foreign Minister highlighted the following sectors: Connectivity, Trade and Investment, People-to-People Contact, Counterterrorism and Transnational Crime/Security, and Science and Technology. Additionally, Thailand submitted a concept paper to the BIMSTEC Secretariat on this issue.¹⁰

In response, BIMSTEC selected Public Health as one of the priority sectors to be led by Thailand, since the country has successfully managed the COVID-19 outbreak, with less than 3,300 cases and 58 deaths, and no recurrence of cases at the time of writing this essay. This, despite the first case of COVID-19 outside China being detected in Thailand, in a Chinese visitor from Wuhan. There have been low cases of COVID-19 in the countries sharing the Mekong River (except China). Vietnam, for instance, has not had a single death so far, and less than 350 cases. Cambodia and Laos have also had low incidences of the virus. BIMSTEC must study this remarkable achievement and increase cooperation in the area of public health in the post-COVID era.¹¹ Moreover, the organisation should coordinate intensive training programmes to create a large and qualified pool of health workers trained in dealing with the pandemic on an emergency basis. For the next two years at least, the healthcare sector must be given the highest priority.

“BIMSTEC cooperation should now focus on sectors that contribute directly to economic revival.”

In the context of economic activity, security is paramount. With millions losing their employment, BIMSTEC countries could see a rise in transnational crimes such as piracy, drugs smuggling, human trafficking, and illegal fishing. Improving human capital in the area of Counterterrorism and Transnational Crime must be another one of BIMSTEC's priorities. Security in the Bay of Bengal region will be crucial to the Fisheries sector, which is a major employer.

Post-COVID Roadmap

Here, too, upgrading of human capital will be essential to support modern fishing methods such as deep-sea fishing.

Finally, connectivity must be restored as soon as possible. The Transport and Communication sector must be prioritised, since it is vital for economic revival and restoration of employment.¹² Cyberspace cooperation and training in digital methods is crucial, considering that the expansion in digital workspaces during the pandemic is likely to continue in the post-COVID era. There is immense scope for upgrading human capital in digital operations, and to this end, BIMSTEC must adopt training programmes. Upgrading human capital in all sectors must become an integral aspect of all BIMSTEC programmes. Meetings at the official and technical levels can be accompanied by training modules in the digital mode, run by professionals from different countries. Such novel approaches are required to improve the HCI of BIMSTEC member countries.

Conclusion

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US President Joe Biden’s policy approach towards China is slowly emerging and it appears that the main thrust of treating China as a strategic challenger will continue. There will be elements of cooperation, to be sure—on issues of Trade and Climate Change—which will not mitigate the earlier policy trend of constraining China’s behaviour in various geographies across the world.

The geopolitical order has been impacted adversely by the COVID-19 pandemic, particularly in the strategic and economic domains. The trends that had started emerging in counterbalancing China’s “unpeaceful rise” may see some slowdown in the immediate future. The emerging Quad platform will require renewed validation by the new US administration.

Indeed, American diplomacy in the Indo-Pacific region is likely to continue, in order to counter China’s economic and military expansion beyond the South China Sea. The Quad’s future trajectory, apart from consolidation and expansion in joint military exercises, like the Malabar series, must now also start to consider the inclusion of willing ASEAN and BIMSTEC countries. Both India and the US have developed expertise in Disaster Management and can be reoriented towards Maritime Security cooperation and Training in Digital and Fisheries sectors. Constraining illegal and predatory fishing by Chinese fishermen in the EEZs, where applicable, of ASEAN and BIMSTEC countries can become an integral part of such outreach.

BIMSTEC must also expedite conclusion of the BIMSTEC FTA, resuming Connectivity links that will facilitate Healthcare exchanges, revive the Tourism and Leisure sectors, and expedite economic recovery. The pace of change in the geopolitical order demands cutting through the slack and putting structures in place for closer cooperation among the BIMSTEC states.

Finally, the recent military coup in Myanmar¹³ will queer the pitch for BIMSTEC as some sanctions are imposed by Western countries. Myanmar’s dependence on China may increase if the latter leverages its veto power in the UNSC, to foil sanctions proposed by the UN body. The coup will also pose challenges for India since Myanmar may face public agitation and intensified ethnic strife. The other major impediment is the festering issue of the Rohingya refugees who fled from Myanmar to Bangladesh. There has been little progress on the repatriation of these refugees and with the military back in power, chances of resolving the Rohingya issue may further recede. The challenges for BISMTEC have clearly increased and it will take far more vigour, resources and commitment to steer this regional organisation from its current pace of activity into a more dynamic organisation.

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